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TO RUEHC/SECSTATE WASHDC PRIORITY 4944
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC 0971
RUCNAFG/AFGHANISTAN COLLECTIVE
RUEHZG/NATO EU COLLECTIVE
RUEABND/DEA HQS WASHINGTON DC
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC

UNCLAS KABUL 000231

SIPDIS

DEPT PASS AID/ANE
DEPT PASS USTR FOR DELANEY AND DEANGELIS
DEPT PASS OPIC FOR GORAVANCHI AND KENNERLY
DEPT PASS TDA FOR STEIN AND GREENIP
TREASURY FOR LMC DONALD, ABAUKOL, BDAHL, AND MNUGENT
OSD FOR SHIVERS
COMMERCE FOR DEES, CHOPPIN, AND FONOVIKH

E.O. 12958; N/A

TAGS: [EINV](#) [EFIN](#) [AF](#)

SUBJECT: OPIC FINANCE APPLICATION: AFGHAN GROWTH FINANCE,
AFGHANISTAN

REF: State 0867

¶1. This message responds to reftel request for Embassy input on potential OPIC financing to Afghan Growth Finance Company (AGF), a non-bank financial institution operating in Afghanistan. AGF is dedicated to providing debt financing to Afghan small and medium size enterprises (SMEs) with a focus in agribusiness.

¶2. AGF -- and its U.S. sponsor, Small Enterprise Assistance Funds (SEAF), and AGF Country Director Mustafa Kazem -- are favorably known to State and USAID officers at post. Embassy Kabul has no adverse information on AFG, SEAF or Mr. Kazam, with respect to potential ties to terrorism, money laundering, corruption, violations of law, or commercial and financial considerations.

¶3. Our Mission is familiar with AGF's recent loan history to Afghan SMEs, now totaling approximately USD 10 million. Embassy supports AGF's plan to provide medium-term loans ranging from USD 50,000 to 2 million to Afghan SMEs focusing in agribusiness and other sectors. To date, AGF is only one of a handful of lending institutions in Afghanistan willing to extend significant term loans to Afghan SMEs. In addition, AFG provides much needed technical assistance in the areas of budget and accounting management, cost controls, management and inventory management to help ensure success for the borrower's enterprises.

¶4. In the World Bank's 2010 "Doing Business Report," Afghanistan ranks 127 out of 183 countries for obtaining credit, a 53-place increase from 180 in 2009. However, access to credit continues to be identified as serious obstacle to investment in Afghanistan especially in the agricultural sector. The U.S. Mission therefore fully supports AGF's OPIC application.

EIKENBERRY